

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3047-01
Bill No.: HB 1211
Subject: Law Enforcement Officers and Agencies; Public Safety Department.
Type: Original
Date: February 8, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$39,708)	(\$26,989)	(\$28,914)
Total Estimated Net Effect on General Revenue Fund	(\$39,708)	(\$26,989)	(\$28,914)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Criminal Records Fund	\$4,200	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$4,200	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation** and the **Department of Public Safety - Divisions of the Director's Office** and the **State Emergency Management Agency** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Missouri Highway Patrol** state the Missouri Lime Stone Association and the Association of Missouri Blasters estimate that there would be as many as 300 applicants filed with the state per year, renewable on an annual basis. Total fingerprint processing fee is \$38 (\$14 state fee + \$24 FBI fee) x 300 = \$11,400 annually. The MHP states \$4,200 will be retained by the state and \$7,200 will be passed through to the FBI for their expenses. Therefore, the MHP assumes an increase in revenue to the Criminal Records Fund of \$4,200 per year.

Oversight assumes a fingerprint check will not be performed on the annual renewal of such licenses. Therefore, Oversight will utilize MHP's estimate for FY 2007 (300 applicants x \$38 state fee and FBI pass through = \$11,400) only.

Officials from the **Department of Public Safety - Division of Fire Safety (DFS)** state their division would be the administrators of this legislation as the "issuing authority". The legislation proposes to change the laws regarding the storage, use and possession of explosives. DFS would be responsible for promulgating rules and issuing licenses to individuals to *purchase, own, possess, transport, or use* explosives. This license is to be renewed annually. Initial cost of license, and the annual renewal, is \$50. It is estimated 300 individuals would be licensed in the first year of this law, generating \$15,000 of income. DFS would also be responsible for promulgating rules and issuing licenses to individuals who *manufacture, deal in, sell, give, or dispose* of explosives. This license also shall be renewed annually. Initial cost of this license, and the annual renewal is \$100. It is estimated 204 individuals/companies would apply for this license, generating \$20,400 annually. DFS would also be responsible for promulgating rules and issuing certificates to individuals who *keep or store* explosives for a fee of not less than \$50 annually. It is estimated 204 owners/users would apply for this certificate, generating \$10,200 annually. Therefore, DFS estimates the total revenue to be \$45,600 annually.

DFS must verify the eligibility of the applicant for the license or certificate requested, which may include an interview and/or an examination of the applicant's knowledge. Fingerprints may be submitted to the Highway Patrol. The Division of Fire Safety may deny or revoke a license or certificate, its renewal or continuation, when there is probable cause. DFS is also authorized to seize, impound, and destroy explosives found which are in violation of this law, or which have been abandoned. Persons selling, delivering, or giving away explosives shall record transactions which may be requested by DFS.

DFS would require additional funds to hire personnel to administer the program, promulgate rules, issue licenses and certificates, and process accounting. DFS feels a part-time clerical person could handle these duties. In regards to verifying the eligibility of applicants, developing

ASSUMPTION (continued)

and administering an examination testing their knowledge, and conducting interviews and background checks for applicants, seizing explosives and conducting audits of licensees and related records, DFS would need a Blast Safety Inspector. DFS would also request expense and equipment funds necessary to administer the program.

Assuming there are 300 individuals who do blasting in the state of Missouri, 204 companies who manufacture, deal in, sell, give or dispose of explosives, and 204 companies who have storage facilities, DFS assumes the following fiscal impact:

Revenues: \$45,600 annually

Expenses: \$85,308 - FY07, \$72,589 - FY08 and \$74,514 - FY 09 (1 FTE w/ fringe, 1 contracted clerk, expenses and equipment - including a vehicle for the Blast Safety Inspector).

	License Amount	Count	Revenue
License to purchase, own, possess, transport, or use explosives	\$50	300	\$15,000
License to manufacture, deal in, sell, give or dispose of explosives	\$100	204	\$20,400
License to keep or store explosives	\$50	204	<u>\$10,200</u>
TOTAL ANNUAL LICENSE REVENUE			<u>\$45,600</u>

DFS states that the estimates were provided by Missouri Limestone Producers Association, and the Association of General Contractors.

Oversight assumes the annual fees would be paid to the General Revenue Fund and the expenses incurred by DFS would be appropriated from the General Revenue Fund.

Oversight assumes this proposal would increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Income</u> - License and certificate fee revenue for those who deal in explosives	\$45,600	\$45,600	\$45,600
<u>Costs</u> - Division of Fire Safety (DFS)			
Personal Service (1 FTE)	(\$28,524)	(\$35,085)	(\$35,962)
Fringe Benefits	(\$12,568)	(\$15,458)	(\$15,845)
Expense and Equipment	(\$34,216)	(\$9,686)	(\$9,976)
Temporary employee	<u>(\$10,000)</u>	<u>(\$12,360)</u>	<u>(\$12,731)</u>
<u>Total Costs</u> - DFS	(\$85,308)	(\$72,589)	(\$74,514)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$39,708)</u>	<u>(\$26,989)</u>	<u>(\$28,914)</u>
 CRIMINAL RECORDS FUND			
<u>Income</u> - Missouri Highway Patrol background checks on explosives licensing	\$11,400	\$0	\$0
<u>Cost</u> - Missouri Highway Patrol pass through to FBI - \$24 per fingerprint check	<u>(\$7,200)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE CRIMINAL RECORDS FUND	<u>\$4,200</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses dealing with explosives would be required to obtain licenses as a result of this proposal.

DESCRIPTION

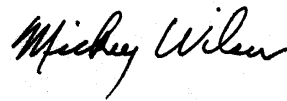
This proposal changes the laws regarding the use and possession of explosives. The bill:

- (1) Requires all explosives, except amounts of 200 pounds or less used for agricultural purposes, to be stored in magazines constructed and located in accordance with the specifications of the bill and the rules established by the State Fire Marshal;
- (2) Provides that no magazine will store more than 300,000 pounds of explosives at one time;
- (3) Specifies the safety precautions to be used in the storage and handling of explosives in and around magazines;
- (4) Requires all persons wishing to buy, sell, own, give, transport, dispose, or use explosives to be licensed by the State Fire Marshal;
- (5) Establishes licensing requirements, which include application, renewal, fees, investigation of applicants, denial, revocation or modification of licenses, and notification of local authorities;
- (6) Authorizes the State Fire Marshal to seize and impound any explosives found within this state which are in violation of any established rule or provision of the bill;
- (7) Specifies the appeal process which licensees may use in seizure cases;
- (8) Requires all licensees to maintain their place of business within the state, maintain records of all transactions, and report all transactions to the State Fire Marshal; and
- (9) Authorizes the State Fire Marshal to promulgate rules deemed necessary for the administration of the provisions of the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Transportation
Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 8, 2006